

## Message Text

CONFIDENTIAL

PAGE 01      BRASIL 06996 101531Z

55

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /057 W

----- 072457

R 101410Z AUG 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7254

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 6996

E.O. 11652: GDS

TAGS: PGOV, PINT, BR

SUBJECT: REVELATIONS ABOUT PRIVILEGES OF SENIOR CIVIL SERVANTS

EMBARRASS GOB

1. SUMMARY: RECENT PRESS EXPOSES OF LIVING STYLE AND PERQUISITES OF SENIOR BRAZILIAN CIVIL SERVANTS HAS SPARKED INTENSE PRESS COMMENTARY AND CONGRESSIONAL ACTION. EMBARRASSED GOB OFFICIALS STATED GOVERNMENT HAS BEEN AWARE OF PROBLEM FOR SOME TIME AND PROMISED FURTHER MEASURES ENDING SOME OF THE ABUSES AND PROMISED FURTHER MEASURES NEXT YEAR. THERE HAVE BEEN SOME THREATS WARNING THE MDB TO GO SLOW IN DISCUSSING ABUSES BY GOVERNMENT OFFICIALS THAT GIVE FURTHER IMPORTANT INDICATIONS OF LIMITS WHICH SEPARATE TOLERABLE CRITICISM OF THE GOVERNMENT FROM ACCEPTABLE OPPOSITION. AT THE SAME TIME THE FACT THAT THE PRESS WAS ABLE TO EXPOSE THESE ABUSES TESTIFIES TO THE RELAXATION OF PRESS CENSORSHIP DURING PRESIDENT GEISEL'S PRESIDENCY. END SUMMARY.

2. RECENTLY JORNAL DO BRASIL COMMENT ON THE LIFE STYLE AND PERQUISITES OF "SUPERFUNCTIONARIES" (I.E. SENIOR CIVIL SERVANTS, MINISTERS, HEADS OF STATE AND MIXED ENTERPRISES AND SUB-MINISTERIAL RANK OFFICIALS). THIS WAS FOLLOWED IN EARLY AUGUST BY THREE-PART EXPOSE IN PRESTIGIOUS O ESTADO DE SAO PAULO DETAILING LIFE STYLE OF MINISTERS AS WELL AS SALARIES AND PERQUISITES OF HEADS OF

CONFIDENTIAL

CONFIDENTIAL

PAGE 02      BRASIL 06996 101531Z

STATE AND MIXED ENTERPRISES NOT ONLY IN

BRASILIA BUT ALSO IN RIO DE JANEIRO AND SAO PAULO. ARTICLES IN OESTAGDO WERE RATHER PRIMITIVE EXAMPLES OF INVESTIGATIVE JOURNALISM THAT PAINTED SOMEWHAT OVERDRAWN BUT ESSENTIALLY ACCURATE AND, SO FAR, NOT DISPUTED BY GOB, PICTURE OF LIFE STYLE OF CABINET OFFICIALS (HIGH ACQUISITION AND UPKEEP COSTS OF GOVERNMENT FURNISHED HOUSING, NUMBERS OF SERVANTS AND USE OF GOVERNMENT CARS AND AIRPLANES FOR PERSONAL TRAVEL AND LIVING EXPENSE ALLOWANCES). THEY ALSO DETAILED ABUSES BY SUBCABINET RANK OFFICIALS. CONCERNING HEADS OF STATE AND MIXED ENTERPRISES, STORIES POINTED OUT ELEVATED SALARIES (OFTEN SEVERAL TIMES LARGER THAN THAT OF MINISTER TO WHOM THEY ARE LINKED AND, AT LEAST ON LEVEL NATIONAL POLICY, THEORETICALLY SUBORDINATE). OTHER PRIVILEGES MENTIONED INCLUDED CREDIT CARDS, CARS, CHARGE ACCOUNTS IN SUPERMARKET AND BOUTIQUES AS WELL AS GROWING NUMBER OF EXECUTIVE JETS OWNED BY STATE ENTERPRISES. THE HEAD OF DASP (ROUGHLY EQUIVALENT TO US CIVIL SERVICE COMMISSION) SAID GOVERNMENT HAD BEEN SEIZED OF THE PROBLEM FOR SOME TIME AND WAS IN THE PROCESS OF DRAFTING UNIFORM REGULATION TO END DISPARITIES AND ABUSES WHICH HAD GROWN SLOWLY OVER TIME. HE EXPLAINED THAT COMPREHENSIVE REGULATION HAD NOT EXISTED BEFORE PRESIDENT GEISEL TOOK OFFICE, AND IN THE CASE OF STATE AND MIXED AGENCIES, HIGH SALARIES WERE INTENDED TO ALLOW GOVERNMENT TO COMPETE WITH PRIVATE SECTOR. THE OTHER PERQUISITES HAD BEEN COPIES FROM THE PRIVATE SECTOR AS TAX DODGING DEVICES. HE ALSO POINTED OUT THAT IN THE EARLY DAYS OF BRASILIA IT HAD BEEN NECESSARY TO OFFER SPECIAL INDUCEMENTS TO "SUPERFUNCTIONARIES" IN ORDER TO INDUCE THEM TO MOVE TO THE NEW CAPITAL.

3. THE GOVERNMENT QUICKLY ANNOUNCED A SERIES OF MEASURES WHICH IT SAID HAD BEEN UNDER STUDY FOR SOME TIME TO CURB ABUSES, AND SAID MORE WOULD FOLLOW EARLY NEXT YEAR. AMONG THE MEASURES ANNOUNCED WERE THE CANCELLATION OF USE OF CREDIT CARDS, (PAID OUT OF PUBLIC FUNDS) BY STATE AND MIXED ENTERPRISE EMPLOYEES, PROHIBITION AGAINST GOVERNMENT FURNISHED HOUSING IN RIO DE JANEIRO AND SAO PAULO, AND ESTABLISH OF THREE-STEP HIERARCHY AND CEILING ON SUPERFUNCTIONARY SALARIES OF 80,000 CRUZEIROS PER MONTH INCLUDING BONUSES, PROFIT SHARING AND REPRESENTATION EXPENSES. THOSE WHO NOW EARN MORE THAN THEIR CEILING WILL HAVE PRESENT

CONFIDENTIAL

PAGE 03      BRASIL 06996 101531Z

SALARIES FROZEN UNTIL SALARIES OF OTHER IN SAME CATEGORY CATCH UP THROUGH APPROVED SALARY INCREASES. THE MDB MOVED QUICKLY TO EXPLOIT THE SITUATION. IN CHAMBER OF DEPUTIES AN MDB DEPUTY INTRODUCED A BILL CALLING FOR A PARLIAMENTARY COMMISSION OF INQUIRY (CPI) TO LOOK INTO ABUSES. IN SENATE, MDB SENATOR MAURO BENEVIDES PROPOSED LEGISLATION GIVING THE CONGRESS OVERSIGHT CAPABILITY OVER EXPENSES BY EXECUTIVE BRANCH. ARENA LEADERS CLOSED RANKS BEHIND

GOVERNMENT NOTING PROBLEM HAD BEEN RECONIZED PRIOR TO PRESS EXPOSES AND SPEECHES OF JOHNNY-COME-LATELY POLITICANS AND GOVERNMENT WAS TAKING STEPS TO END ABUSES. POORLY REGARDED ARENA LEADER IN THE CHAMBER OF DEPUTIES, JOSE BONIFACIO, SUGGESTED PUBLICLY THAT COMMUNISTS AND SUBVERSIVES LINKED WITH MULTINATIONALS WERE BEHIND ALL THE PRESS INTEREST IN THE EXCESSES. HE ALSO EXCUSED THE MINISTERS FOR EXCESSIVE LIVING EXPENSES AND SAID THEIR UNSCURUPULOUS BUTLESRS WERE TO BLAME. MINISTERS REMAINED NATABLY SILENT WITH EXCEPTION OF LABOR MINISTER PRIETO WHO LET IT BE KNOWN HE HAD ONLY 12 GOVERNEMENT PAID SERVANTS RATHER THAN 28 AS CHARGED IN PRESS. PRESS IS REACTING WITH SELF-CONGRATULATION NOTING EXPOSES OF ABUSES IN GOVERNEMENT INTENDED TO HELP RATHER THAN ATTACK PRESIDENT. MDB SENATOR PAULO BROSSARD COMMENTED THAT REVALTIONS OF SCANDAL THIS MAGNITUDE IN ANY OTHER CILIZED COUNTRY WOUL HAVE LED TO IMMEDIATE FALL OF THE GOVERNMENT. HE PROMISED TO SPEAK ON MATTER IN SENATE ON AUGUST 9.

4. COMMENT: BROSARD'S CHALLENGING COMMENT COUPLED WITH PROSPECTS OF STRONG SENATE SPEECH IN SOME VEIN AS WELL AS FURTHER MDB ATTENTION TO THIS EMBARRASSING SUBJECT TOUCHED A RAW NERVE AND SUGGESTED ONE MRE LIMIT BETWEEN WHAT THE GOVERNMENT CONSIDERS TOLERABLE CRITICISM AND WHAT IS UNACCEPTABLE (CONTESTACAO). JORNAL DE BRASILIA, WHOSE EDITOR IS CLOSE TO JUSTICE MINISTER FALCAO, IN AN EDITORIAL OF AUGUST7 SUGGESTED BROSSARD SALLY HAD COME CLOSE TO THE LINE THAT SEPARATES LOYAL OPPOSITION FROM CONTESTACAO. CLEARLY NERVOUS, MDB SOURCES LET IT BE KNOWN BROSSARD WAS NOT SPEAKING FOR THE PARTY. FEDERAL DEPUTY AND NATIONAL PRESIDENT--ARENA, FRANCELINO PEREIRA, WAS QUOTED ON AUGUST 7 TO THE EFFECT THAT THOSE WHO CONTINUE TO PRESS ON THS ISSUE "EXCEED THE RIGHT GRANTED THEM BY DEOCRACY." CONFIDENTIAL

CONFIDENTIAL

PAGE 04      BRASIL 06996 101531Z

HE WARNED THAT COUNTRY'S "DEMOCRATIC EVOLUTION" WOULD NOT BE STOPPED BY "UNPATRIOTIC" ACTS. WARNINGS HAD THEIR EFFECT. BROSSARD'S SENATE SPEECH OF AUGUST 9, WHICH HAD BEEN ANTICIPATED WITH SOME ANXEITY, WAS WITHIN ACCEPTABLE BOUNDS. THE DEBATE IS NOT OVER, BUT IT HAS BEEN MODERATED. A POINT, SOMETIMES MADE GRUMBLINGLY BY ARENA SPOKESMAN, IS THAT ISSUE COULD NOT HAVE BEEN VENTILATED IN THE PRESS WERE IT NOT FOR RELAXATION OF PRESS CENSORSHIP THAT HAS TAKEN PLACE DURING PRESIDENT GEISEL'S ADMINISTRATION. END COMMENT. CRIMMINS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, GOVERNMENT PERSONNEL, ALLEGATIONS, FRAUDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BRASIL06996  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760307-1104  
**From:** BRASILIA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760870/aaaacjbc.tel  
**Line Count:** 164  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 JUL 2004 by CunninFX>; APPROVED <25 OCT 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REVELATIONS ABOUT PRIVILEGES OF SENIOR CIVIL SERVANTS EMBARRASS GOB  
**TAGS:** PGOV, PINT, BR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006